

# Fiscal Note

*Fiscal Services Division*



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**HF 2384** – Special Education Costs (LSB 6079HV)

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Fiscal Note Version – New

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**Description**

**House File 2384** specifies that the costs of general administration, health services, attendance officers, plant operation, plant maintenance, instructional costs, the purchase of equipment, and insurance are included in the costs of special education instructional programs when contracted with a private agency.

**Background**

Specific private agencies in previous fiscal years have been providing educational services to special education students placed in a residential program and have billed school districts for those services, plus the costs of general administration and other costs not expressly authorized in Iowa Code section [256B.9](#). The Iowa Department of Education has indicated the specific private agencies should not be allowed to bill school districts for the costs of general administration and other items not expressly authorized under the law.

**Assumptions**

- Estimates are based on available data from ten school districts provided by the Department of Education.
- The full-time equivalent of students served is based on the number of student days divided by the number of school days (assumed at 180).
- Assumptions for the districts that have been billed for those costs not expressly authorized in Iowa Code section 256.9(7) include:
  - The overall percentage of the special education students served by a private agency is 73.0% of the total.
  - The average cost per special education student served is \$23,374.
- Assumptions for the districts that have been billed for costs expressly authorized in Iowa Code section 256B.9(7):
  - The overall percentage of the special education students served by a private agency is 27.0% of the total.
  - The average billed cost per special education student served is \$5,198.
- The Department of Education has indicated that the difference between the average cost per pupil amounts noted in the above assumptions is the amount not in compliance with current law (\$18,176 per pupil).
- The total capacity statewide in these private agencies is 1,900. The estimated occupancy rate for special education students may vary significantly. For this estimate, the Legislative Services Agency (LSA) assumes an occupancy rate between 40.0% and 70.0% statewide.

**Fiscal Impact**

There is no impact to the State General Fund.

For school districts that have been billed for costs expressly authorized under current law by private agencies, there may be potential for an increase of special education costs ranging between \$3.8 million and \$6.6 million, depending on the occupancy rates (between 40.0% and

70.0%). Additional special education costs could result in an increase in a district's special education cost deficit. This may result in a property tax increase to fund any modified allowable growth for the special education cost deficit.

Based on current practice in some cases, the LSA estimates that for the districts that have been billed for costs not expressly authorized, the current estimated amount ranges between \$10.1 million (at 40.0% occupancy) and \$17.6 million (at 70.0% occupancy). This amount is estimated to remain unchanged with enactment of this Bill.

**Sources**

Department of Education  
LSA analysis and calculations

/s/ Holly M. Lyons

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March 7, 2012

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The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to Iowa Code **Section 2.56**. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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